Japan/Australia Minilateralism in the Indo-Pacific (II): Advancing Cooperation in Order-building and Geoeconomics

H.D.P. Envall
Australian National University

Kyoko Hatakeyama
University of Niigata Prefecture

Thomas S. Wilkins
University of Sydney

Miwa Hirono
Ritsumeikan University
JAPAN/AUSTRALIA MINILATERALISM IN THE INDO-PACIFIC (II):
ADVANCING COOPERATION IN ORDER-BUILDING AND GEOECONOMICS

H.D.P. ENVALL
Australian National University

KYOKO HATAKEYAMA
University of Niigata Prefecture

THOMAS S. WILKINS
University of Sydney

MIWA HIRONO
Ritsumeikan University

ABSTRACT
This East-West Center Occasional Paper is the second of a set of two papers examining how Japan and Australia are seeking to employ minilateral institutions to enhance their cooperation and compete strategically in an increasingly contested region. The first paper demonstrated how Japan and Australia have adopted a minilateralist approach that chiefly prioritizes traditional security concerns, in contrast to China’s emphasis on geoeconomics alongside its efforts to entrench its global/regional leadership and shape the international order. This second paper considers the strategic objectives underlying China’s practice of minilateralism and reevaluates the order-building and geoeconomic dimensions within the Australian/Japanese practice of minilateralism. It concludes that for Australia and Japan minilateral cooperation in these areas continues to lag traditional security efforts, and thus points to the need for the partners, along with the United States, to invest greater attention and resources in these directions to give greater substance to their joint vision of Free and Open Indo-Pacific.

KEYWORDS: AUSTRALIA-JAPAN STRATEGIC PARTNERSHIP; MINILATERALISM; STRATEGIC MINILATERALISM; CHINA; QUAD; ORDER-BUILDING; GEOECONOMICS; TRILATERAL STRATEGIC DIALOGUE; TRILATERAL INFRASTRUCTURE PARTNERSHIP; PARTNERS IN THE BLUE PACIFIC

ACKNOWLEDGMENTS: This Occasional Paper was written with the generous support of the Australia–Japan Foundation.

The East-West Center promotes better relations and understanding among the people and nations of the United States, Asia, and the Pacific through cooperative study, research, and dialogue. Established by the US Congress in 1960, the Center serves as a resource for information and analysis on critical issues of common concern, bringing people together to exchange views, build expertise, and develop policy options. The East-West Center in Washington provides US and Indo-Pacific government stakeholders and program partners with innovative training, analytical, dialogue, exchange, and public diplomacy initiatives to meet policy priorities.
INTRODUCTION

In our earlier East-West Center Occasional Paper, we explored how the imperatives of strategic competition are pushing states in the pivotal Indo-Pacific region to adopt new institutional mechanisms to advance their national interests and shape regional order through collective formats. We focused especially on the emergence of “a new phenomenon of state-to-state cooperation” in the form of minilateralism.¹

These new minilateral institutions—small groups of (typically three to six) states that cooperate on specific issues of mutual interest—are transforming the Indo-Pacific.² They offer the benefit of filling in capacity gaps left by other forms of cooperation while also acting as “force multipliers” through coalition-building. They can be used to pool resources and thus create new capabilities. Moreover, they are also highly flexible and adaptable.³

While the US is clearly a significant player in the region’s minilaterals, these new groupings are also major policy priorities for secondary powers such as Japan and Australia. Indeed, one of the main findings in our earlier paper was that Japan and Australia have been key players in the drive to create new minilateral institutions. Canberra and Tokyo have strongly emphasized security cooperation within their various minilaterals.⁴ Given their shared perceptions of a deteriorating security environment in the Indo-Pacific, they have found that cooperating to build up military capabilities and enhance mutual deterrence makes perfect sense. To this end, our previous paper showcased how the Australia-Japan-US Trilateral Strategic Dialogue (TSD), the Australia-Japan-US-India Quadrilateral Security Dialogue (to a lesser degree), and separate minilaterals such as the AUKUS (Australia-US-UK) and GCAP (Japan-UK-Italy Global Combat Aircraft Program) were designed to achieve defense/deterrence goals through “security minilateralism.”

However, Beijing’s impact on the region has gone beyond national security to encompass questions of geo-economics and entrenching its global leadership through new governance structures. China is seeking to expand its influence in fundamental ways and has begun to deploy economic statecraft more assertively in pursuit of its strategic agenda.⁵ In fact, notwithstanding China’s criticism of US-led minilateralism, China has also been active in developing minilateral groupings, including the Lancang

² Wilkins, et al., “Indo-Pacific Minilateralism and Strategic Competition.”
⁴ Wilkins, et al., “Indo-Pacific Minilateralism and Strategic Competition.”
A major aim of our earlier paper was to compare the Japan/Australia approach to minilateralism with China’s divergent practice of minilateralism. Our central finding in this respect was that Australia and Japan have prioritized the security dimensions in the minilateral institutions they have pursued. However, this (understandable) emphasis has come at the expense of a broader approach that gives sufficient attention to the geoeconomic and order-building challenges facing the region. By contrast, China has pursued a minilateralism that emphasizes its regional and global leadership ambitions, especially in terms of geoeconomic governance. This has clear implications for international order.

We therefore concluded that there is a “mismatch” between the vectors by which China and Japan/Australia are pursuing competitive advantage through minilateralism. Such a mismatch is in turn increasing the pressure on Japan and Australia with respect to the security/economic disconnect in the region. This security/economic disconnect reflects the dilemma that secondary powers such as Japan and Australia face between their dependence upon the US for their security, while simultaneously being deeply economically dependent upon China. This greatly complicates their foreign policy choices in respect to the pursuit of strategic competition, especially now that economics also has security connotations.

The primary aim of this second Occasional Paper, then, is to further explore the order-building and geoeconomic challenges posed by China in the Indo-Pacific and the responses of Japan and Australia to these challenges. The strong emphasis on security minilateralism, in both policy and much of the accompanying analysis, has led to a relative neglect of the order-building and geoeconomic dimensions present in Australian/Japanese practice of minilateralism. Notwithstanding, Japan and Australia have sought to leverage their minilaterals to maintain regional order, through their jointly shared vision for a “Free and Open Indo-Pacific.” Moreover, in recognition of the challenges of geoeconomic competition, they have begun to explore ways that minilaterals could work to boost technological competitiveness, enhance regional development and connectivity, and safeguard against economic coercion.

Yet, in contrast to their great proactivity in the security space, these efforts are at risk of falling behind and failing to meet the expectations of the two countries. Given the great strides that China is making in these areas, addressing such shortfalls poses important policy questions for Canberra and Tokyo. How exactly are Japan and Australia using minilaterals to specifically enhance their order-building and geoeconomic interests? And how might they reshape their minilateral policies to further boost these initiatives and address the challenges posed by China’s broader geopolitical and geoeconomic agenda?

This Occasional Paper proceeds in three parts. In the first part, we examine the rise of China and what it implies for strategic competition in the Indo-Pacific beyond the realm of traditional security (as examined in our previous Occasional Paper), to encompass what this means in terms of geopolitical and geoeconomic order for Japan and Australia. In the second part, we evaluate the use of minilaterals by Japan and Australia in terms of their order-building aims, especially regarding their visions for a “Free

---


and Open Indo-Pacific.” In the third part, we evaluate their use of minilaterals in terms of their
geoeconomic aims, that is, with respect to building resiliency and resisting economic coercion in the
Indo-Pacific. Accordingly, this paper revisits familiar minilaterals (analysed in the first Occasional Paper),
such as such as the TSD and the Quad to reevaluate them from these perspectives. However, it also
extends the range of study to incorporate other less-known formations, such as the Trilateral
Investment Fund (TIF) and Partners for the Blue Pacific (PBP) initiatives, which are more directly
targeted at these areas.
China is now the major security player in Asia. Its military spending far outstrips that of other Asian powers, and it has adopted a more assertive approach toward its declared "core interests" in the region.\(^9\) This has necessarily motivated security-focused minilateralism on the part of Australia and Japan. However, to understand Beijing’s grand strategy simply in defense terms is to overlook the multifaceted nature of Beijing’s approach to strategic competition, including through its minilaterals. China’s growing regional assertiveness can be felt across many issues beyond defense. China has ambitions to play a major role in international affairs and to reshape international order. Beijing is seeking to expand its influence across multiple areas, including the financial, socio-economic, environmental and technological fields. A larger global role for China has clear implications for the international order. As per its vision for a “community of common destiny,” China seeks to reconfigure global governance on such matters as financial lending or by promoting a development-centric concept of human rights.\(^10\)

As outlined in our earlier Occasional Paper, China’s quest for global leadership and expanding influence are reflected in the country’s approach to minilateralism. Beijing has established an array of minilaterals that overlap and intersect with its broad range of multilateral and bilateral arrangements. As a leader in minilateral innovation, China has driven the expansion of initially minilateral formats into formal multilateral organizations, as the transformation of the Shanghai Five into the Shanghai Cooperation Organization (SCO) demonstrates.

As we indicated previously, these minilateral efforts span both specific sub-regions, such as the Lancang Mekong Cooperation in South East Asia, and Trilateral Cooperation Secretariat in Northeast Asia, but also cross-regionally, in the case of BRICS.\(^11\) China has also sought to connect its minilateral initiatives with its wider bilateral and multilateral engagements, thereby setting up a multi-layered set of strategic relationships that will “expand its participation in regional and global governance and entrench its legitimacy.”\(^12\) All of this is designed to advance Beijing’s global influence and may also contribute to advancing its security agenda, as illustrated by its attempts to change the status quo in the East and South China Seas.

China’s efforts challenge Australian and Japanese interests by reshaping key institutions preferred by secondary powers, notably the United Nations, and by shifting the scope of norms underpinning their preferred international order, such as prioritization of sovereignty and non-interference over other international values (e.g. human rights). Many of China’s minilaterals (e.g. BRICS) appear focused

---

especially on furthering such efforts in the “Global South,” thereby challenging the role of countries such as Japan and Australia as institutional builders and norm setters in these parts of the world.

Second, China’s approach to minilateralism has been economics focused, aimed at achieving regional integration in Beijing’s favor and expanding Chinese-centered geoeconomic alignments, again notably in the Global South. Indeed, China is increasingly engaging in geoeconomic competition, that is, “the systematic use of economic instruments to accomplish geopolitical objectives.” It is “weaponizing” its economic relationships, thereby creating a much tighter nexus between economics and security in contemporary international affairs and ensuring that economics becomes a “currency of power politics.” Beijing offers economic “carrots” and wields economic “sticks” to “exert pressure” on others over particular security issues, such as territorial disputes or other diplomatic differences.

Additionally, China manipulates broader economic asymmetries to gain strategic advantage and establish spheres of influence, demonstrating the overlapping nature of its strategies. Chinese geoeconomic coercion is well illustrated by its approach the South China Sea, where it has used geoeconomic tools against countries such as Vietnam and the Philippines. China’s tacit, it has been suggested, is to “force governments and companies to anticipate, respect, and defer to Chinese interests in all future actions.”

It should be noted that China is not the only great power to engage in coercive geoeconomics. The US, particularly under the Trump administration, used economic leverage to extract not only economic but also security concessions. The Biden administration made extensive use of geoeconomic coercion in attempts to support Ukraine following Russia’s invasion in 2022. For Japan and Australia, however, China’s growing reliance on geoeconomic coercion is especially challenging. As two influential liberal democracies in the Indo-Pacific, Japan and Australia clearly have different political outlooks to China. As allies of the US, they have diverging strategic interests. Japan has an unresolved territorial dispute with China over the Senkaku (Diaoyu in Chinese) islands. At the same time, however, both countries have been heavily dependent on China economically and thus vulnerable to Chinese geoeconomic pressure.

---

13 Wilkins, et al., “Indo-Pacific Minilateralism in an Era of Strategic Competition.”
14 Robert D. Blackwill and Jennifer M. Harris, War by Other Means: Geoeconomics and Statecraft (Cambridge, MA: Harvard University Press, 2016), 1.
Japan and Australia therefore have a shared interest in minimizing this type of geoeconomic statecraft.\(^{22}\) Scholars point to Japan, for instance, as a country that is “exposed more than ever to various intersecting forms of military and economic coercion.”\(^{23}\) Indeed, both Japan and Australia have recent experience of economic coercion by China. Japan experienced significant “coercive behavior” (iatsuteki na furumai) by China during a diplomatic crisis over the Senkaku (Diaoouy in Chinese) islands in late 2010.\(^{24}\) It has also been subjected more recently to export bans by China as a result wastewater being released from the Fukushima nuclear power plant.\(^{25}\)

Australia, meanwhile, has been economically targeted by China in response to demands by Australia for an independent investigation into the origins of the Covid-19 pandemic, as well as Australia’s efforts to reduce foreign interference in domestic politics years, among other perceived transgressions.\(^{26}\) Australia has been described as the “first country to be subjected to an economy wide assault” in this manner.\(^{27}\)

Unsurprisingly, in responding to the region’s growing strategic competition, both Japan and Australia have extended their national security strategies beyond the narrow confines of military security. Both countries are seeking to address this strategic competition through general order-building as well as specific geoeconomic initiatives. Australia’s idea of national defense, for instance, sits within a “broader national strategy [of] focused statecraft and diplomacy ... that works to support the maintenance of a regional balance of power in the Indo-Pacific.”\(^{28}\) Japan, too, aims to ensure an environment conducive to its economic growth and seeks to work with “like-minded” nations “to achieve a new balance in international relations, especially in the Indo-Pacific.”\(^{29}\) To achieve these goals, the Japanese government proposes “harnessing its comprehensive national power” (sōgōteki na kokuryoku).\(^{30}\) Both countries recognize that their own national efforts can be multiplied through multiple forms of cooperation with each other and with third parties.

---


As noted earlier, minilaterals can be useful tools in pursuing these broad strategic goals if they can be used innovatively to fill in the capacity gaps left by other forms of cooperation. To begin, minilaterals offer a flexible means to build up new networks from existing bilateral partnerships within the US-led hub-and-spokes system. Such networks could focus on security issues, in keeping with the US-led system; however, they are easily broadened to include order-building and geoeconomic matters. Second, they also offer a vehicle to forge new networks based on previously unconnected bilateral partnerships. Lastly, they can be used to link together otherwise unconnected instruments of regional architecture, such as multilateral or regional bodies. Such linkages could be comprehensive (i.e. bringing in all parties involved in the original groupings). But they might also be selective groupings (i.e. involving more complex opt-in arrangements that include only those states keen or able to participate).
When it comes to order-building, the commonality in the two countries’ approach to strategic competition is the vision for a “Free and Open Indo-Pacific” (FOIP).\(^{31}\) For Australia, the idea of the Indo-Pacific is intended to capture the region’s transformation into a “two-ocean system, with China turning south and west and India turning east”\(^{32}\)—in short, a “maritime super-region.”\(^{33}\) Australia’s objective is that this region be “open, inclusive and prosperous,” as well as “safe, secure and free.”\(^{34}\) Australia’s preferred approach is to cooperate with other like-minded powers to create a stable balance of power in the region.\(^{35}\)

Japan, meanwhile, has long sought to broaden the idea of Asia to draw in different countries to the region. Former Prime Minister Abe Shinzō discussed the “confluence of the two seas” (futatsu no umi no majiwari), referring to the Indian and Pacific Oceans.\(^{36}\) The region for Japan should value “freedom, the rule of law, and the market economy” and also be “free from force or coercion.”\(^{37}\) Japan set out what it termed its “four pillars of cooperation for FOIP” in March 2023, covering common principles for the region, an “Indo-Pacific way” of addressing regional challenges, “multi-layered connectivity,” and the “safe use” of air and sea spaces in the region.\(^{38}\)

Inherent in Japanese and Australian visions of FOIP, therefore, is a set of order-building aims that include both material order-building (i.e. achieving a new stable balance of power) as well as normative (values-based) order-building. In terms of the latter, Japan and Australia are seeking to shape regional governance by protecting, promoting and creating “norms, rules, and practices of cooperation” intended to link the region together. Often characterized as “multilayered,” these institutional arrangements coalesce around two chief formations: the US-led hub-and-spokes system and ASEAN-led multilateral institutions. Further, Japan and Australia are also seeking to provide regional public goods where possible, such as foreign aid, defense capacity-building, or infrastructure investment.\(^{39}\)

---


\(^{32}\) Medcalf, Contest for the Indo-Pacific, 106.


\(^{34}\) Australian Government, 2017 Foreign Policy White Paper, 3.


2.1. Trilaterals and Quadrilaterals

In terms of trilaterals and quadrilaterals, the Trilateral Strategic Dialogue (TSD) is housed within the US-led hub-and-spokes system and involves building a minilateral up from the bilateral partnerships between Japan, Australia, and the US. The TSD’s primary function is to advance security cooperation, such as by expanding joint defense capabilities or conducting joint military exercises. In this sense, the TSD’s contribution to order-building is predominantly material given its strong hard-security focus and the assumption that this will help achieve a stable regional balance of power.

However, since the TSD declares its intention of “realizing a free and open Indo-Pacific,” it has explicit normative objectives related to norms, rules, and values. The intention here is that it will provide a platform for promoting United Nations Convention on the Law of the Sea (UNCLOS) in the Indo-Pacific. Indeed, as the Australian government has acknowledged, the TSD is being used to reinforce the “shared strategic principles” between the three partners, including upholding the rules-based order, protecting freedom of navigation and overflight, and keeping regional markets open. The TSD also serves as a format through which the three countries deliver regional public goods, especially in humanitarian assistance and disaster relief (HA/DR).

In a recent development the TSD members partnered with the Philippines through a new “quadrilateral” format. Along with Japan and Australia, the Philippines is also a US ally, meaning that this nascent quadrilateral is also a hub-and-spokes based initiative. Once again, the primary function of this new quadrilateral appears to be deterring China, especially by opening up deeper cooperation in the South China Sea, with a view to achieving a more stable balance of power. The quadrilateral held its first defense minister talks in Singapore in June 2023, with joint exercises following in the South China Sea in August, and a Philippine-US-Japan-Australia Joint Service Staff Talks getting underway in November and December.

However, even as security is the primary concern of this new quadrilateral, normative order-building is also apparent, especially when it comes to shaping the region’s maritime order. At the defense minister talks in June, the four nations “reaffirmed” their commitment to FOIP and to “collectively make efforts to ensure the vision continues to thrive.” Likewise, at the quadrilateral Joint Service Staff Talks, the four countries pushed the idea of a “shared vision for a ‘Free and Open Indo-Pacific’ and a rules-based international order.”

---


As order-building entities, therefore, both the TSD and the new quadrilateral are valuable for what they can contribute to material order-building. This depends on the extent that they can contribute to a stable balance of power by curtailing Chinese assertiveness, especially in the South China Sea. On the question of normative order-building, however, they remain at an embryonic stage, offering little beyond generalized declarations of intent. Further, they lack the necessary linkages with the wider region to effectively disseminate the norms, rules, and values they promote. Still, they do undoubtedly have value as mechanisms to remind the international community of the continued validity of international law, especially UNCLOS.

2.2. The Quad

The Quad is the most prominent minilateral in the Indo-Pacific today and entails the established TSD partners setting up a new quadrilateral initiative with New Delhi. Initially known as the Quadrilateral Security Dialogue, it originally emerged from cooperation between its four members in response to the 2004 Indian Ocean tsunami, with Tokyo strongly promoting the new entity. The first incarnation of the Quad petered out amid Australian concerns that it was too provocative to Beijing. But such opposition fell away in the late 2010s, with the four partners decided to restart discussions on Quad cooperation in response to China’s growing assertiveness.

The Quad offers a range of order-building possibilities. Because it serves as auxiliary reinforcement of American power in the Indo-Pacific, it has clear material order-building implications. It also has a stronger normative order-building agenda, for instance compared to the TSD, with its aim of contributing to the “rules-based international order.”

Unlike the TSD or the new Philippines quadrilateral, the Quad also connects Japan and Australia with states outside the US hub-and-spokes system, by bringing India into a closer alignment. This has the potential to reshape the regional balance of power by supplementing US power. However, it also increases the legitimacy of Japanese and Australian cooperation over the Indo-Pacific in the face of China’s push to engage more with emerging countries and the Global South.

Lastly, the Quad offers a practical means to boost the provision of regional public goods around the region, especially in technology exchange, while also extending opportunities for new regional practices, notably joint naval exercises and other maritime opportunities, such as the Indo-Pacific Maritime Domain Awareness (IPMDA) initiative.

In terms of boosting new linkages to underpin a regional order, the Quad also has the potential to connect further partners beyond its membership. Obvious candidates from within the hub-and-spokes system would include South Korea or the Philippines, while Indonesia, or actors from outside the hub-

---

47 Australian Government, “Quad Leaders’ Joint Statement.”
and-spokes system or region, such as the UK, Germany, or France, might also be considered.\(^{50}\) It is not clear, however, whether such candidates would necessarily join the Quad, the alternative being for such actors to become “dialogue partners.”

But can the Quad, however flexible and adaptable, actually deliver on these types of order-building goals? The Quad has been widely understood as a vehicle of US containment directed at China and thus a tool of material order-building.\(^{51}\) Yet the Quad’s hard-security functions are limited by comparison to other Australia/Japan minilaterals with a security focus, such as the TSD or AUKUS (as discussed in our earlier Paper). Its capacity to achieve a stable balance of power in the region is also complicated by the fact that there is a clear divergence amongst members over where that balance should lie and how it should be enforced. As we have noted elsewhere, “India’s reluctance to commit on security initiatives has diluted the Quad’s strategic dimension.”\(^{52}\)

Conversely, the Quad has developed more as an institution in terms of normative order-building, something which has been especially apparent since its revival. When the leaders of the four countries convened their leaders’ summit in early 2021, they stated they would be “united in a shared vision for the free and open Indo-Pacific.”\(^{53}\) The Quad thus helps provide a mechanism for Japan and Australia to promote their FOIP values in the region, emphasizing democracy, human rights, free and fair trade, and a drive for economic connectivity.\(^{54}\) As Koga argues, the Quad quietly shifted from being a “military-focused coalition” to become a “broader strategic grouping.”\(^{55}\)

### 2.3. Quad-Plus

One way to ensure that the Quad becomes more effective in terms of normative order-building is via building connections with other regional actors. A “Quad-Plus” arrangement, for example, might entail the Quad as a “nucleus” for wider cooperation, potentially by acting as a “dialogue partner” to other regional institutions. ASEAN, the region’s other main institutional framework, is a clear candidate.\(^{56}\) Indeed, the Quad partners have already highlighted that they intend to “seek opportunities for greater Quad collaboration in support of the AOIP” (ASEAN Outlook on the Indo-Pacific).\(^{57}\)

A Quad-Plus initiative with ASEAN could be used to help facilitate informal dialogue between the institutions’ respective members, such as over information-sharing, norm and rule development, or confidence-building measures. The two entities would have an obvious link through their Indo-Pacific

---


\(^{51}\) For example, see Rajan Menon, “The Quad is a Delusion,” *Foreign Policy*, June 28, 2021, https://foreignpolicy.com/2021/06/28/quad-delusion-china-power-containment/.


\(^{57}\) Australian Government, “Quad Leaders’ Joint Statement.”
“visions” and “outlooks.” It would, as Koga argues, provide a venue where the participants could discuss these issues on an “equal footing.” This would mean that the new entity would be more flexible in terms of its agenda, since ASEAN member would not be constrained by ASEAN’s norms around consensus-seeking.

In fact, Koga argues that Quad-Plus arrangements with ASEAN could take the form of “spin-off cooperation.” In other words, they might involve fewer participants than the total number of members from the two institutions, “depending on their capacities and geographical focus.” An opt-in arrangement would enable greater flexibility and adaptability in terms of the scope and depth of potential cooperation. It would offer Japan and Australia the opportunity to engage with ASEAN member states on an ad hoc basis, perhaps through working groups on concerns related to normative order-building. In fact, ad hoc Quad-Plus initiatives have already taken place. In 2020, for instance, the four Quad members joined with New Zealand, South Korea, and Vietnam to share information and coordinate responses to the Covid-19 pandemic.

---

61 Patton, “Does the Quad Plus Add Up?”
3. **GEOECONOMIC MINILATERALISM**

Many of the order-building elements that can be found in Australia/Japan minilaterals, particularly the idea of FOIP, have a clear geoeconomic logic. Moreover, both Japan and Australia have been using other forms of cooperation to pursue geoeconomic goals. For instance, they have been active in using multilateralism, especially on the trade front, to consolidate the liberal economic order.

Two recent prominent multilateral initiatives—the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP)—have provided a valuable means to formalize the rules and practices of regional trade and investment.63 Meanwhile, the Indo-Pacific Economic Framework (IPEF) helps keep the US engaged in the region economically. Previously, both countries had also developed a network of bilateral arrangements, Free Trade Agreements (FTAs), to further support the norms and rules of a regional geoeconomic order, albeit with limited results.64

However, whilst multilateral approaches such as the CPTPP, as well as bilateral FTAs, have featured prominently in Japanese and Australian economic order-building endeavors, they come with limitations. In terms of designing and propagating regional economic rules and norms, they lack scale, ambition, or both. Also, by their nature, multilateral frameworks are less useful both in helping to counteract specific instances of economic coercion, avoid excessive economic dependence on geopolitical rivals, resist the coercive use of economic asymmetries, or develop the close partnerships needed to secure access to critical resources and technologies.

The CPTPP is hamstrung by America’s absence from the table, while RCEP was initiated by ASEAN and China and is less robust in terms of quality of the norms and rules it covers even as it offers the largest trade agreement.65 IPEF in particular has made little progress, given America’s at best lukewarm commitment to its own initiative.66 Meanwhile, regional bodies such as ASEAN provide a means to disseminate economic norms and rules widely but are often constrained by the cumbersome approach to decision-making intrinsic to such bodies.67

In terms of resisting geoeconomic coercion, direct retaliation against instances of attempted economic coercion is unfeasible for secondary powers, and often only exacerbates the dilemmas created by the security/economic disconnect. Instead, Japan and Australia, as well as other similarly placed countries in the region, share an interest in developing coordinated means to protect the region as a whole, such as by building a regional economic order that is more resistant to such pressures.68

---

63 Envall and Wilkins, “Japan and the New Indo-Pacific Order,” 703-4. In fact, the two countries have a long history of trade multilateralism, having been key players in the creation of the APEC (Asia-Pacific Economic Cooperation) forum in the 1980s.


68 Envall, et al., “Minilateral Solutions to the Geoeconomic Challenges Facing Japan and Australia.”
The key to developing a more resilient region is not direct competition but diversification and connectivity. Diversification is about assisting countries to diversify their trade and investment relationships so that they avoid over-dependence on a single actor. Connectivity is about boosting regional linkages through trade, investment, and aid relationships which will, in turn, help to disseminate the rules and norms needed to underpin a liberal economic order.

This then raises the question of whether minilateralism can help fill these gaps left by multilateralism and bilateralism and so boost diversification and connectivity. As with order-building multilaterals, geoeconomic multilaterals could be based on multilaterals that have been shrunk down or reset on an opt-in basis. They could also be built up from the two countries’ own robust Strategic Partnership (including the Japan-Australia Economic Partnership Agreement), with joint championship of the CPTPP pointing to a successful precedent. Such minilateral groupings could be used to better target the kind of activities useful for resisting economic pressure, notably expanding investment and infrastructure programs, facilitating market openings, diversifying supply chains, or disseminating rules and standards. By exploiting their close bilateral relationship, Japan and Australia could avoid having to start groups “from scratch” but could instead combine their capabilities and expertise, such as in critical minerals.69

3.1. Trilateral Infrastructure Partnership (TIP)

The Trilateral Infrastructure Partnership (TIP) emerged from Japanese, Australian, and American cooperation on infrastructure development for the Indo-Pacific and thus represents an example of internal minilateral networking. In 2018, the three countries set up the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific. This was intended to lead to “major new infrastructure projects,” as well as boost energy infrastructure and digital connectivity and realize “shared development priorities in the Indo-Pacific.”70 The subsequent TIP has been used to fund infrastructure programs in the region, with a view to establishing a flow of public-private partnerships (PPPs).71 To aid this process, in 2019 the TIP partners announced the creation of the Blue Dot Network aimed at encouraging the adoption of infrastructure development standards.72

The TIP’s focus thus far has been on telecommunications infrastructure. Its first project, announced in October 2020, was the plan to construct a telecommunications link to Palau in the Pacific Islands region. Its second project, announced in June 2023, has been to construct the East Micronesia Cableconnecting


Micronesia, Kiribati, and Nauru.\textsuperscript{73} It has also been utilized to support the purchase of Digicel Pacific, a Pacific Islands telecommunications company, by Telstra, an Australian company.\textsuperscript{74} The importance of the TIP was reaffirmed at the end of 2022 and, in keeping with the IPEF, seems likely to be used on infrastructure projects “in concert with” the Quad, thus bringing in India.\textsuperscript{75}

A major challenge for the TIP has been the slow pace of developing projects. From the TIP’s establishment in 2018, it took two years for the announcement of its first project and then a further three years before the announcement of the second project. This is despite that widely recognized gap in infrastructure funding in Asia for 2016-20 (excluding China) of approximately $308 billion per year.\textsuperscript{76} It is also not clear that these deals necessarily represent substantive minilateral cooperation.

One criticism is that with the TIP there has been a prioritization of “strategic signaling” over genuine coordination. For example, the Digicel agreement was driven largely by Australia, with credit guarantees by Japan (along with the US) seen as “hollow and prioritizing signaling over substance.”\textsuperscript{77} The lack of proper PPPs also points to a failure to bring the private sector fully into such minilateral initiatives, a failure described as the “chicken and egg” problem whereby the private sector does not move on investments until “de-risking” mechanisms are provided, while governments hesitate in the race of risk-aversion from the private sector.\textsuperscript{78}

### 3.2. Partners in the Blue Pacific (PBP)

The key geoeconomic minilateral involving Japan and Australia and established for the Pacific Islands region is the Partners in the Blue Pacific (PBP) initiative. Established in 2022, the PBP initially brought together Australia and Japan, along with New Zealand, the US, and the UK. These countries were later joined by Germany, Canada, and South Korea, with the EU, France, and India becoming observers.\textsuperscript{79} The PBP represents an attempt to link these partners more closely the Pacific Islands countries with a view to supporting “prosperity, resilience, and security in the Pacific” and boosting “Pacific regionalism.”\textsuperscript{80} Indeed, following the announcement of the PBP, several of its members have boosted their engagement with the Pacific Islands, including a pledge by the US at the US-Pacific Islands Partnership summit in September 2022 to expand its aid program by $810 million and a decision by Australia to establish the

---


\textsuperscript{77} Channer, “Improving Public-Private Partnerships on Undersea Cables,” 5.


\textsuperscript{79} Wallis and Powles, “Smooth Sailing?” 9.

Pacific Engagement Visa, which will allow up to 3,000 people from the region to become permanent residents in Australia each year.\footnote{Henryk Szadziewski and Graeme Smith, “Both the US and Australia are Adamant the Pacific “Matters”. But Only One is Really Moving the Dial,” \textit{Conversation}, November 6, 2023, https://theconversation.com/both-the-us-and-australia-are-adamant-the-pacific-matters-but-only-one-is-really-moving-the-dial-215069.}

As with the TIP, however, questions remain about the likely effectiveness of the PBP. It is not obvious, for instance, how the PBP will align with the TIP in terms of Pacific Islands development. When it comes to the some of the initiatives announced thus far, such as pledges made following the US-Pacific Islands Partnership summit, it is not clear that the PBP, as a minilateral initiative, was especially useful in developing what appear to be separate initiatives. The PBP may have played a coordinating role; however, these actions fall a long way short of the type of joint activities Japan and Australia pursue in the hard-security domain. This again raises the issue of “shallow minilateralism” and the prioritization of strategic signaling over genuine minilateral coordination.\footnote{Channer, “Improving Public-Private Partnerships on Undersea Cables,” 5.}

It also remains unclear whether the PBP’s remit is to cooperate primarily with the countries of the region, as an instance of \textit{external minilateral networking}, or to engage with the main regional body, the Pacific Islands Forum (PIF), as a form of \textit{institution-plus minilateral networking}.\footnote{Australia Government, “Joint Statement on the Announcement of the Partners in the Blue Pacific Initiative,” June 25, 2022, https://www.dfat.gov.au/news/media-release/joint-statement-announcement-partners-blue-pacific-initiative.} Engagement with the PIF by the PBP partners is now complicated by China’s success at peeling individual countries away from the consensus-seeking outcomes of established bodies such the PIF, either through bilateral arrangements (e.g. with the Solomon Islands) or attempts at alternative regional arrangements (as per China’s attempt to establish a Pacific Islands agreement on security, policing, and data cooperation.\footnote{John Garrick and Yan C. Bennett, “China’s Real Ambitions for the South Pacific,” \textit{Strategist}, June 17, 2022, https://www.aspistrategist.org.au/chinas-real-ambitions-for-the-south-pacific/; Mihai Sora, “Geopolitical Competition Among the Larger Powers in the Pacific,” \textit{Journal of International Affairs} 74, no. 2 (2022): 111-25, at 111-12.}

### 3.3. “Quad 3.0?”

Since its quiet shift in emphasis since 2021—from “military-focused coalition” to “broader strategic grouping”—the so-called “Quad 3.0” has increasingly emphasized geoeconomic priorities.\footnote{Kei Koga, “Quad 3.0: Japan, Indo-Pacific and Minilateralism,” \textit{East Asian Policy} 14, no. 1 (2022): 20-38, at 30.} These have included critical technologies, infrastructure, and cyber security.\footnote{Koga, “Quad 3.0,” 30.} In terms of critical and emerging technologies (CET), for example, the Quad has set its members to develop more secure telecommunications, in keeping with the TIP projects noted above and also included the establishment of an Open Radio Access Network (ORAN) capacity in the Pacific. It has also announced the Quad Investors Network with the aim of fostering private investment into critical technologies across the member countries. In terms of infrastructure, at the May 2022 Tokyo summit, the Quad leaders set up...
the Quad Infrastructure Coordination Group and committed $50 billion in infrastructure spending for the Indo-Pacific. Key areas identified for collaboration included clean energy and digital connectivity.87

The Quad’s gradual shift away from an institution focused predominantly on security to one that covers broader suite of “public good” concerns will likely facilitate greater cooperation between Japan and Australia with ASEAN.88 Indeed, a Quad-Plus arrangement with a strong geoeconomic focus would represent the most straightforward way to boost regional connectivity and make the region more resilient to geoeconomic coercion. Such an approach would mean that Australia and Japan could continue adhering to the idea of “ASEAN centrality” while still pursuing opportunities for practical cooperation. Alternatively, Japan and Australia could make use of a Quad 3.0 arrangement to better engage with individual actors within Southeast Asia on a more ad hoc or opt-in basis. Indonesia stands out as an obvious candidate. It is now the dominant actor in Southeast Asia, is growing quickly economically, and has key player in critical minerals.89

As a geoeconomic entity, the Quad also faces challenges. Despite its growing emphasis on geoeconomic concerns, it is yet to overcome the continuing perception of being a security entity aimed at containing China.90 Pressure for the Quad to be a comprehensive organization—to “cover everything from economic prosperity to [defense]”—may exacerbate differences among partners.91 Indeed, differences in outlook exist not only on security matters but economic ones as well, as illustrated by the different approaches taken to trade liberalization by Japan and Australia (strongly committed) versus India (generally opposed) and the US (mixed and contradictory). Lastly, doubts persist as to whether the Quad members can turn declarations into substantive actions or align government and private sector interests. Progress on clean energy supply chain diversification remains limited, notwithstanding Japan and Australia committing to work together, through the Quad, on this issue.92

4. CONCLUSIONS

- To overcome the security-economic disconnect, Japan and Australia should pay more attention to how new minilateral initiatives can contribute to normative order-building and geoeconomic resiliency rather than material order-building (i.e. balance of power).

- Strategic competition in the Indo-Pacific is not only growing but is also increasingly multifaceted, extending beyond security to include order-building and geoeconomic concerns. China is rapidly expanding its influence in pursuit of its leadership ambitions, which has clear implications for international order. It is also using a range of institutional mechanisms to underpin its regional policies, including minilateralism, with a focus on the Global South.

- In responding to these latter challenges, Japan and Australia have begun outlining their preferred regional order as encapsulated by their vision for a “Free and Open Indo-Pacific.” FOIP envisages a region that is better connected in areas such as trade and investment and based on a transparent, rules-based approach rather than one characterized chiefly by coercion.

- Japan and Australia have adopted a range of responses to address these challenges, including, most notably, multilateral initiatives. Despite this activity, however, the order-building and geoeconomic dimensions to the two countries’ multilateralism are less developed when compared to the hard-security dimension.

- Material order-building activities appear most advanced, as they flow naturally from the hard security aspects of Australia/Japan minilateralism. By contrast, normative order-building initiatives are often aspirational and vague by nature, while there is currently and lack of connections between these relevant minilaterals and the wider region to facilitate the dissemination of the norms, rules, and values espoused. In terms of the geoeconomic goals, Australia/Japan minilaterals have only progressed slowly. Whether such initiatives are being satisfactorily funded or coordinated remains open to debate.

- There are also some important inconsistencies apparent regarding the type of economic order being pursued. Japan and Australia maintain a strong preference for a liberal economic order in the region; however, this outlook is not necessarily shared by the two countries’ closest minilateral partners: the US and India. Nor is it clear that Japan and Australia can square the circle in terms of promoting their (liberal) vision of the regional economic order while also seeking to boost resiliency and connectivity or establish new partnerships.

- Minilaterals undoubtedly offer an effective means to coordinate otherwise separate state actions. However, this type of “umbrella” approach is not a substitute for joint action that will boost regional networking and resiliency. The absence of joint, as opposed to coordinated, geoeconomic action is especially apparent in the Pacific Islands region.

- The dissemination of the norms, rules, and values needed to underpin the normative side of a new regional order, as well as the creation of a more resilient regional economy, will require clearer and deeper linkages between current minilaterals and other regional actors, as per the “Quad Plus” and “Quad 3.0” scenarios. Greater attention should be given to building these linkages. Attention should also be paid by Japan and Australia to create the supporting
narratives for such linkages and to provide the necessary material support. So far, China leads in terms of the narratives and material support needed to underpin its initiatives.

- Finally, the two countries need to add more minilateral flesh to the bones of their FOIP agenda. Greater attention should be paid to expanding their relationships with actors outside current multilaterals, especially among developing countries. To borrow US Ambassador to Japan Rahm Emanuel’s phrase, more attention needs to be put on building new “anti-coercion” coalitions in the Indo-Pacific for instance.\(^{93}\)

---